

Message Text

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ACTION NEA-10

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E.O. 11652: N/A

TAGS: EIND, EG

SUBJECT: GOE REORGANIZES PUBLIC SECTOR STRUCTURE

REF CAIRO 7728

1. GOE HAS BEGUN PROCESS OF DISMANTLING GENERAL ORGANIZATION
STRUCTURE CONCERNED WITH PUBLIC SECTOR ENTERPRISES. LAW
111/1975, PROMULGATED IN SEPTEMBER, ABOLISHES GENERAL
ORGANIZATIONS WITHIN MINISTRIES AND ESTABLISHES IN THEIR
PLACE SECTORAL COUNCILS AS OF JANUARY 1976. ONE ARTICLE OF
LAW FURTHER PROVIDES FOR CANCELLATION OF GENERAL ORGANIZATIONS
"WITH NO DISTINCT ACTIVITY" WITHIN SIX MONTHS OF DATE OF LAW
I.E., MARCH, 1976. PURPOSE OF LAW 111, WHICH WAS ADOPTED
AFTER EXTENSIVE DEBATE WITHIN GOVERNMENT, IS TO REDUCE
BUREAUCRATIC CONTROLS ON INDIVIDUAL PUBLIC SECTOR COMPANIES.
NEW ESTABLISHED SECTORAL COUNCILS ARE TO HAVE POLICY
GUIDANCE RESPONSIBILITIES AND EXECUTIVE SECRETARIATS,
BUT NO OPERATIONAL CONTROL OVER DECISION-MAKING FUNCTION

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OF PUBLIC SECTOR FIRMS.

2. CABINET REACHED DECISION LATE OCTOBER 1975 TO IMPLEMENT LAW AFFECTING SOME 35 GOE GENERAL ORGANIZATIONS, DESIGNATING IN THEIR STEAD 23 PRODUCTION SECTORS. FIRST SIGN OF ACTION TAKEN BY GOE IN THIS REGARD WAS ANNOUNCEMENT BY PM SALEM DECEMBER 18 THAT 117 INDIVIDUAL COMPANY BOARDS OF DIRECTORS UNDER MINISTRY OF INDUSTRY HAD BEEN NAMED. PM ALSO, ON DECEMBER 28, ANNOUNCED APPOINTMENT OF VARIOUS EXECUTIVE SECRETARIAT HEADS AND MEMBERSHIP OF FIVE SECTORAL COUNCILS, LATTER COVERING INDUSTRIAL ENTERPRISES. OTHER MINISTRIES HAVE FOLLOWED SUIT DURING COURSE OF DECEMBER. MINISTRY OF RECONSTRUCTION AND HOUSING REPORTEDLY ISSUED IMPLEMENTING DECISION ON RECONSTITUTION OF PUBLIC SECTOR COMPANIES WITHIN ITS PURVIEW, AS HAS MINISTER OF HEALTH. ACCORDING TO PRESS REPORTS, 1100 EMPLOYEES OF DEFUNCT GENERAL ORGANIZATIONS WILL BE TRANSFERRED TO OTHER JOBS BEGINNING JANUARY.

3. COMMENT: GENERAL ORGANIZATIONS UNDER VARIOUSGOE MINISTRIES WERE SET UP BY A SERIES OF LAWS FROM 1957 TO 1971 AS BUREAUCRATIC LEVEL BETWEEN MINISTRIES AND PUBLIC SECTOR COMPANIES. THEY HAVE HAD LEGAL RESPONSIBILITY FOR FRAMING POLICIES, COORDINATING COMPANY ACTIVITIES WITHIN SAME SECTORS, APPROVING COMPANY PRODUCTION AND MARKETING PROGRAMS, AND SUPERVISING COMPANY INTERNAL ADMINISTRATION.

4. DECISION TO REDUCE LAYERING WITIN PUBLIC SECTOR, WHILE UNDOUBTEDLY LEADING TO ORGANIZATIONAL DISLOCATIONS, APPARENTLY IS MOVE IN DIRECTION OF FURTHER LIBERALIZING OF ECONOMY. NOT AT ALL CLEAR AT THIS STAGE, HOWEVER, IS WHETHER RESTRUCTURING OPERATION WILL ACTUALLY RESULT IN MODIFIED, MORE INDEPENDENT ROLE FOR PUBLIC SECTOR FIRMS OR, IF SO, WHETHER THIS WILL BEAR POSITIVELY ON COMPANIES' PERFORMANCE. PACE OF IMPLEMENTATION OF DECISION AND PRACTICAL FATE OF GENERAL ORGANIZATION'S EMPLOYEES FURTHER ARE AT QUESTION; STRUCTURE THAT TOOK SOME YEARS TO BUILD UP PROBABLY WILL TAKE TIME TO TEAR DOWN. ALL IN ALL, WE SYMPATHIZE WITH VIEW OF BRITISH EMBASSY HERE WHICH REPLIED, WE HEAR,TO FCO MESSAGE LIMITED OFFICIAL USE

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NOTING LONDON DID NOT FULLY UNDERSTAND FORTHCOMING REORGANIZATION WITH CABLE STATING, IN ITS ENTIRETY, "NOR DO WE."
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